



The Commonwealth of Massachusetts

Office of the Comptroller

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March 18, 2002

Dear Reader of the Commonwealth Financial Statements:

I am filing these financial statements today with a revised auditors report reflecting a dual – dated unqualified opinion. This opinion is necessary because an auditor of one of the Commonwealth's component units, the University of Massachusetts Building Authority, determined that they were not independent at the time they previously issued an unqualified opinion. That audit work has been redone by a successor auditing firm and as explained in detail below, the resignation of the Building Authority's previous auditor required the Commonwealth's auditor to withdraw its opinion with respect to the College and University Fund Type. This is the only change from the financial statements previously issued on December 18th. The content of the report and the financial position of the Commonwealth as of June 30th 2001 remains unchanged.

The Building authority engaged new auditors and performed new audit work. That work resulted in an unqualified opinion dated March 16, 2002. There was no evidence to suggest that any information in the Building Authority's financial statements was inaccurate or was changed as result of this new audit work. The balance of this letter provides more detail on the issues and revisions to the opinion.

Detailed explanation of the Changes

The general purpose financial statements included in the Comprehensive Annual Financial Report ("CAFR") of the Commonwealth for the year ended June 30, 2001 was audited by Deloitte & Touche, LLP ("Deloitte & Touche"). The Deloitte & Touche audit report dated December 18, 2001 on the general purpose financial statements included in the CAFR for the year ended June 30, 2001 as originally issued contained an unqualified opinion. That report was withdrawn on March 14, 2002, and a new report was issued by Deloitte & Touche dated December 18, 2001 (March 14, 2002, with respect to the University and College Fund Type) which (1) expressed an unqualified opinion based upon their audit and the report of other auditors on the financial position of the Governmental Fund Types, Proprietary Fund Types, Fiduciary Fund Types, Account Groups and Discretely Presented Component Units included in the Commonwealth's general purpose financial statements and the results of their operations and the cash flows of the Commonwealth's Internal Service Funds, Nonexpendable Trust Fund and Discretely Presented Component Units, and (2) disclaimed an opinion on the University and College Fund Type.

The Deloitte & Touche report dated December 18, 2001 was withdrawn because of the withdrawal of audit reports of two other firms on which Deloitte & Touche placed reliance with respect to the University and College Fund Type. On March 14, 2002 one of those other auditing firms withdrew its audit report relating to the University of Massachusetts Building Authority (the "UMASS Building Authority"). That firm has advised the UMASS Building Authority that the reason for the withdrawal was that the firm had discovered that such firm had a violation of the auditor independence rules of the American Institute of Certified Public Accountants. The withdrawal of this report necessitated the withdrawal of another auditors' report on the financial statements of the University of Massachusetts.

The UMASS Building Authority, which is a blended component unit of the University of Massachusetts, finances and constructs physical facilities for the University of Massachusetts and issues bonds, most of which currently are guaranteed by the Commonwealth. The financial statements of the UMASS Building Authority are material to the financial statements of the University of Massachusetts and to the Commonwealth's University and College Fund Type taken as a whole. The University of Massachusetts represents 67% of the assets and 68% of the liabilities of the University and College Fund Type.

The audit report of Deloitte & Touche dated October 24, 2001 on the Statutory Basis Financial Report of the Commonwealth for the fiscal year ended June 30, 2001, opinion based on their audit and the reports of other auditors, was not affected by the withdrawal because the Statutory Basis Financial Report does not include the UMASS Building Authority or other university and college held funds.

If you should have any questions or concerns please contact me directly at (617) 973 2315 or Deputy Comptroller Eric Berman at (617) 973 -2602.

Sincerely,

A handwritten signature in blue ink, reading "Martin J. Benison". The signature is written in a cursive, flowing style.

Martin J. Benison
Comptroller